

Promoting Human Resource Management that Supports Our Human Capital and Business

This presentation is based on the script from the “IR-Day 2023: Sustainability Briefing” held by Sumitomo Metal Mining Co., Ltd. on December 6, 2023.

<Speakers>

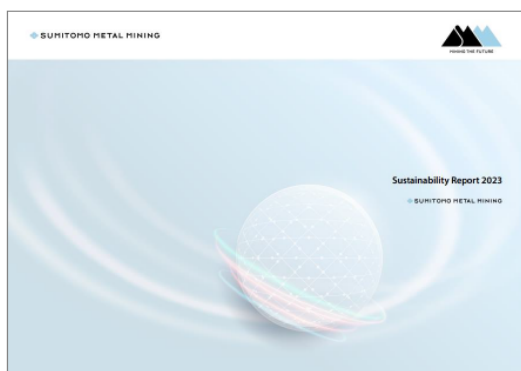
Mihoko Yano, General Manager of Sustainability Department, Sumitomo Metal Mining Co., Ltd.
Takanori Shimizu, General Manager of Public Relations & Investor Relations Department, Sumitomo Metal Mining Co., Ltd.

IR-Day 2023 Sustainability Briefing

Introduction

Introduction

Inaugural issue of the Sustainability Report was published in October 2023 in addition to the Integrated Report



Sustainability Report 2023



Integrated Report 2023

Takanori Shimizu: Thank you for taking time out of your busy schedule to attend Sumitomo Metal Mining's IR-Day: Sustainability Briefing. I am Takanori Shimizu from Public Relations & Investor Relations Department. I will be your MC for the day.

We published the Integrated Report 2023 in September. In addition, we started the publication of Sustainability Report in 2023 to meet the sustainability disclosure standards, which substantially enhanced information disclosure.

Today's Themes

Today's Themes

1

**Human Resource
Management Supports
Our Business**

Mihoko Yano
General Manager
Sustainability Department

2

~ Integrated Report 2023: P66-67 ~
**“Technological Changes at the
Toyo Smelter & Refinery”**

Takanori Shimizu
General Manager
Public Relations & Investor Relations
Department

We will start by explaining the human resource management that supports our business from the Sustainability Report by Mihoko Yano, Executive Officer and General Manager of the Sustainability Department. Then, I will explain the technological changes at the Toyo Smelter & Refinery, one of the topics in our Integrated Report 2023.

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- II Sustainability of SMM Group
- III Human Capital Management: Human Resource Management Supports Our Business
- IV Human Resource Development that Supports Autonomous Growth
- V A Company Where Diverse Talents Thrive

Mihoko Yano: I'm Mihoko Yano from the Sustainability Department.

I will explain topics we receive many questions about as we engage in a dialogue with the investors. They include (1) The Sumitomo Business Spirit and the SMM Group Corporate Philosophy, (2) Sustainability of the SMM Group, (3) Human Capital Management: Human Resource Management Supports Our Business, (4) Human Resource Development that Supports Self-Disciplined Growth, and (5) A company Where Diverse Talents Thrive.

The Sumitomo Business Spirit

The Sumitomo Business Spirit

Inherited since the foundation of our business

[Article 1] Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

[Article 2] Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

(Quoted from the Sumitomo Goshi Kaisha Administrative Regulations, named "Summary of Business Operations", formulated in 1928)

Let me start by introducing the business spirit and corporate philosophy that supports the core of our human resource management.

Sumitomo Metal Mining was founded about 430 years ago, in 1590. All companies hailing the "Sumitomo" name uphold the business spirit stated in this slide. Since the first head of the Sumitomo family stated it during the Edo period, it has evolved from generation to generation and was compiled in the Meiji period. Let me introduce some excerpts.

"Placing prime importance on integrity and sound management (Article 1)" and "Manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently (Article 2)." It means we will place prime importance on integrity and sound management and will not behave rashly in pursuit of temporary gains. It is important to continue to change to remain profitable even as times change.

Corporate Philosophy

- Sumitomo Metal Mining Co., Ltd. (SMM), in accordance with the Sumitomo Business Spirit, shall, through the performance of sound corporate activities and the promotion of **sustainable co-existence with the global environment**, seek to make positive contributions to society and to fulfill its responsibilities to its stakeholders, in order to win ever greater trust.
- SMM shall, based on **respect for all individuals** and recognizing each person's dignity and value, seek to be a forward-minded and vibrant company.

Sustainability Policy

- The Sumitomo Metal Mining Group is engaging in the resolution of business issues that will **contribute to the development of a sustainable society**, and is working to **improve both our sustainable growth as a business and our corporate value**.

Based on the Sumitomo Business Spirit, our corporate philosophy is to promote sustainable co-existence with the global environment and society based on respect for all individuals.

In addition, our Sustainability Policy is to resolve business issues that will contribute to developing a sustainable society and work to improve both our sustainable growth as a business and our corporate value.

Sustainability of SMM Group

Sustainability of SMM Group

Through our Corporate Philosophy of “**co-existence with the global environment and society**” and “**respect for all individuals,**” which are based on the Sumitomo Business Spirit, placing value on social trust and mutual relationships, we seek to balance the **sustainable development of society** with **sustainable growth for our company**.



Now, let's move on to the Sustainability of the SMM Group. I will explain how we promote business based on the Sumitomo Business Spirit, Group Corporate Philosophy, and Sustainability Policy.

The diagram shows the relationship between the Business Spirit, Corporate Philosophy, and Sustainability Policy.

Under the Business Spirit and our Corporate Philosophy, “Co-existence with the global environment and society” and “Respect for all individuals” are stated, and under that come the key words “Global environment,” “Society,” and “People.” Items under the keywords, including “Effective Use of Non-Ferrous Metal Resources” and “Climate Change,” are the eleven material issues for the company.

Sustainability Promotion Structure

Sustainability Promotion Structure

Advancing sustainability activities primarily through our Sustainability Committee chaired by the President



Next, I will explain our organizational structure for promoting sustainability.

The President promotes sustainability activities as the Chair of the Sustainability Committee. The seven Sustainability Subcommittees shown at the bottom left side of the slide correspond to our material issues. The Carbon Neutrality Committee, shown at the right, is a committee that addresses “Climate Change” among our material issues.

Other organizations under the Sustainability Committee that promote sustainability activities include the four Management Systems Working Groups, Corporate Value Enhancement Strategic Committee, and Digital Transformation Committee.

Material Issues for the SMM Group

Material Issues for the SMM Group

Identified eleven material issues with potential material impact on both society and our business, which had been narrowed down from 89 issues (March 2020)

1	Effective use of non-ferrous metal resources	7	<u>Development and participation of human resources</u>
2	Climate change	8	Engagement with stakeholders
3	Significant environmental accidents	9	Co-existence and mutual prosperity with local communities
4	Biodiversity	10	Rights of indigenous peoples
5	Employees' occupational health and safety	11	Human rights in the supply chain
6	<u>Diverse human resources</u>		

(Underline what explain today)

Next, I will explain the main topic for today, Human Capital Management: Human Resource Management Supports Our Business.

As I stated earlier, SMM Group identified eleven material issues with potential material impact on society and our business, narrowed down from 89 issues. The eleven issues are as stated in this slide.

We will focus on “6 Diverse human resources” and “7 Development and participation of human resources” today.

Vision for 2030

Vision for 2030

Material Issues

6 Diverse Human Resources

7 Development and Participation of Human Resources



Vision for 2030

A company where all employees can take a vibrant and active part

- A company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work
- A company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees

We set our vision for 2030 for each material issue.

For “6 Diverse human resources” and “7 Development and participation of human resources,” our vision for 2030 is to become “a company where all employees can take a vibrant and active part,” “a company that respects the humanity of each and every employee, and where employees feel pride, motivation, and joy in work,” and “a company that provides each and every employee with opportunities to improve his/her capabilities, and grows together with employees.”

Human Capital Management: Human Resource Management Supports Our Business

Human Capital Management: Human Resource Management Supports Our Business

Respect diversity and provide opportunities for development and participation matching each employee's career




Our human capital management takes a human resources development approach to “respect diversity and provide opportunities for development and participation matching each employee’s career.”

The “feeling of safety,” “sense of stability,” and “autonomous growth” were important to us throughout our extensive history, and activities that match each of these items are stated to the right in the green boxes.


“Diversity and inclusion,” “work-life balance,” and “autonomous career development” are the current issues to be further strengthened in the future, and measures stated to the right are being promoted.

Learn the essence of Sumitomo Business Spirit by visiting the historical heritage which is the origin of Sumitomo and by attending lectures

Eligibility	Newly appointed officers, section managers and general managers New employees (new graduates, mid-career recruits) Overseas business site local hires attending Japan training (Besshi Copper Mine Memorial Museum only)	
Participants	About 100 participants each year (164 participants in 2023)	
Training Schedule	Training Example	
	Schedule	Location
	Day 1	(Kyoto area) Seiryō-ji, Sumitomo Yuho-en
	Day 2	(Niihama area) Besshi Copper Mine Memorial Museum and hiking to the former Besshi Copper Mine



Overseas staff briefed at the Besshi Copper Mine Memorial Museum



Ascending to the former Besshi Copper Mine



Overseas staff briefed at the Besshi Copper Mine Memorial Museum



Ascending to the former Besshi Copper Mine

Now, I will discuss the human resource development that supports self-disciplined growth, which we have focused on.

I will start with training to nurture the Sumitomo Business Spirit. These are training to learn about the basics of the Sumitomo Business Spirit by visiting the historical heritage, which is the origin of Sumitomo, and attending lectures.

They are held at key junctures, such as for new employees and upon promotion to a managerial position or an officer. Local employees at overseas business sites also attend training when they visit Japan. We have around 100 participants annually and had many more in 2023 after the end of the COVID-19 pandemic.

The training involves visiting places associated with the Sumitomo family, the Besshi Copper Mine Memorial Museum in the Niihama area, and trekking to the former Besshi Copper Mine. At the Besshi Copper Mine, trainees learn about the history of the mine from its opening to its closing. It also provides experience to understand the hard work of our forebearers when the mine operated before automation.

It is a physically demanding program, taking about six hours round trip, or about 23,000 steps according to the pedometer, but it is very enlightening. The remains of the mines are still visible. I joined the company as a mid-career hire five years ago and participated three times in this training.

Training on the JCO criticality accident

Training on the JCO criticality accident

Training that supports
our business

In September 1999, a criticality accident occurred at our subsidiary, JCO Co., Ltd., which manufactured fuel for nuclear power generation.

The training is held to thoroughly foster and instill compliance and a culture of safety and to ensure that the memory remains fresh and that the lessons learned will be passed on to younger generations as more than 20 years have passed since the accident.

Eligibility: All SMM Group employees (mandatory)
Participants: Close to 600 participants every year



Scene from training on the JCO criticality accident

We will move on to the JCO training. In September 1999, a criticality accident occurred at our subsidiary, JCO Co., Ltd., which manufactured fuel for nuclear power generation and led to the tragic loss of lives among valued employees.

The training is held to thoroughly foster and instill compliance and a culture of safety and ensure that the memory remains fresh and that the lessons learned will be passed on to younger generations as more than 20 years have passed since the accident. This is mandatory training for all SMM Group employees, with close to 600 participants every year.

Human Resources Development by Functions

Human Resources Development by Functions

Human resources
development by functions

The underlying assumption of Sumitomo Business Spirit is that “Business is about people.” **In order to ensure individual attention, only a limited number of people are hired** and steadily developed until they can work at the forefront of their respective fields.

Each function presents a career path from a long-term perspective and develops human resources following a **training plan of over 10 years to instill technical skills and knowledge.**

Mineral Resources	Smelting & Refining	Materials Research & Development	Plant Engineering	Sales	Administration
Establishes the basics at the Mining School (geology and mining fields) and laboratories (mineral processing field); Overseas mines training; Language training, etc.	Participants can experience Smelting & Refining University, operation management and R&D at business sites in Japan and overseas, and attend academic conferences, etc.	On-site training and problem-solving training at the laboratory; joint research with universities and acquiring PhD for working professionals; presentation at academic conferences; paper submissions	Hands-on training in capital investment (design, construction management) and maintenance at domestic and overseas sites	Training in marketing, selling, management, trade management, etc.	(Example for Accounting Dept.) Group training in financial accounting, management accounting, etc., as well as on-the-job training (OJT) in accounting, etc., conducted at domestic or overseas sites and subsidiaries

This is an explanation of human resources development by functions. Applying the Sumitomo Business Spirit that “Business is about people” and “to ensure individual attention,” only a limited number of people are hired and steadily developed until they can work at the forefront of their respective fields.

Each function presents a career path from a long-term perspective and develops human resources following a training plan of over 10 years to instill technical skills and knowledge.

Our focus is to have employees immersed in the field to ensure the acquisition of fundamentals of the job and to enhance world-class competence in the position or field they are responsible for.

Let me get into some details. I will explain about Mineral Resources separately.

In Smelting and Refining, employees participate in the Smelting and Refining University, operation management and R&D at business sites in Japan and overseas, and attend academic conferences to develop smelting and refining engineers.

In Materials Research and Development, employees participate in research and development, which forms the roots of our technical capabilities at the laboratory, and on-site training. In addition, they participate in problem-solving training at the laboratory and joint research with universities, acquire PhD for working professionals, present at academic conferences, and submit papers.

Internally developed plant engineers manage our business sites in Japan and overseas. They learn about design and construction management and also experience maintenance.

For Sales, our trainings include marketing, selling, management, and trade management.

Among the Administration functions, Accounting Department employees learn about financial and management accounting at group training, gather experience at Group companies, including business sites in Japan and overseas, and acquire practical accounting knowledge.

Example of Development Plan: Mining Engineer

Example of Development Plan: Mining Engineer

Human resources
development by functions

After studying at the Hishikari Mine (Mining School), the trainee gains experience in overseas mines and acquires advanced expertise, technical skills, and practical experience through a ten-year plan.

Image of 10-year Development



Receiving instructions at the Mining School



Employee working at overseas mine

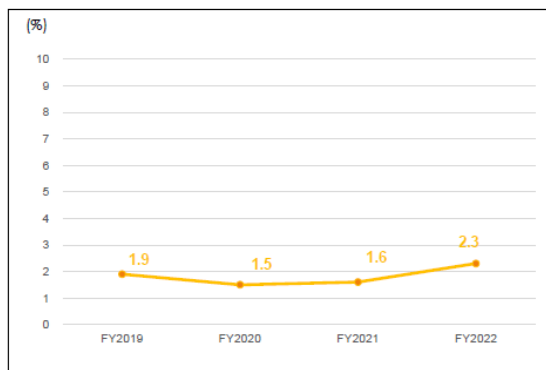
I will introduce an example of our development plan of a mining engineer from Mineral Resources.

After studying at the Mining School held at the Hishikari Mine, the only operating gold mine in Japan, the trainee gains experience in overseas mines and acquires advanced expertise, technical skills, and practical experience through a 10-year plan.

This is followed by an assignment at the Hishikari Mine Headquarters or overseas mines to learn about project and site management. The photographs to the right show scenes from the Hishikari Mine training and employees working at an overseas mine operated in a joint venture.

Turnover rate and new graduate retention rate after 3 years

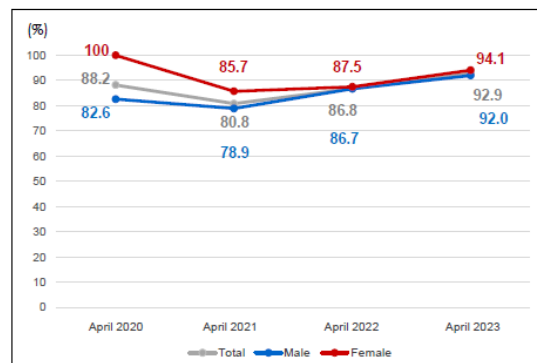
Turnover rate and new graduate retention rate after 3 years



Turnover rate*1

*1 Percentage of employees who left the company during the year (excluding those who retired at the mandatory retirement age) out of the number of employees at the beginning of the fiscal year

*2 Percentage of employees who joined the company in April three years ago who were enrolled on April 1 of each year.



New graduate retention rate after 3 years*2

Scope: Sumitomo Metal Mining Co., Ltd.

This slide shows our very low turnover rate through training that supports our business and human resources development by functions.

In the midst of the increasing mobility of talent, we have maintained a very low turnover rate between FY2019 and FY2022 at 1.9%, 1.5%, 1.6%, and 2.3%, respectively, albeit with a marginal increase. I believe you are all aware of the general turnover rate for new graduates. It is said to be 30% in three years.

Our retention rate is shown in the right-hand graph, with the gray figures indicating the company's overall retention rate. It decreased temporarily from 88.2% in FY2019 to 80.8% in FY2020 but returned to 86.8% in FY2021 and improved to 92.9% in FY2022, showing very high retention rate.


We have recently been focusing on developing female employees, and you can see that the retention rate is higher for women than for men. I will come back to this topic in more detail later.

Diversity & Inclusion (Background)

Diversity & Inclusion (Background)

Recruitment and employment of women is difficult in Japan and non-ferrous metal industry

Japan	<ul style="list-style-type: none">● Number of women majoring in science in tertiary education is small^{*1}● About 80% of SMM's new graduate hires (FY2022) were engineers, and increasing the number of female employees was difficult. <p><small>*1 In 2021, the ratio of female higher education institution graduates in Organisation for Economic Co-operation and Development (OECD) member countries was 27% for "natural sciences, math, and statistics" and 16% for "engineering, manufacturing, and architecture."</small></p>
Non-ferrous metal industry	<ul style="list-style-type: none">● There were few opportunities for female employees to work, including three-shift work^{*2} and belowground labor^{*3}. <p><small>*2 In 1986, Equal Employment Opportunity Law enacted, allowing women to work late at night. *3 In 2007, the Labor Standards Law was revised to allow women to work belowground.</small></p>

 Set targets not only for the number of female managers but also for the **ratio of female employees among new hires (including new graduates and mid-career hires)**, aiming to increase the number of management candidates while supporting development through an individualized approach.

Now, I will explain the activities we engage in to become a company where diverse talents thrive. This is an area we see room for improvement.

I will start with the background of promoting diversity and inclusion. As you know, the number of women majoring in science in tertiary education is small in Japan. So, recruitment and employment of women were difficult in Japan and the non-ferrous metal industry.

About 80% of SMM's new graduate hires and 70% of all employees are engineers, making it difficult to increase the number of female employees. Furthermore, the non-ferrous metal industry requires three-shift work and belowground labor, making it difficult to provide employment opportunities for women.

The enactment of the Equal Employment Opportunity Law in 1986 allowed women to engage in late-night work, and the revision of the Labor Standards Law in 2007 allowed women to engage in belowground labor. Women's participation accelerated around this time.

We have set targets not only for the number of female managers but also for the ratio of female employees among new hires, including new graduates and mid-career hires, aiming to increase the number of management candidates while supporting development through an individualized approach.

Shifting from Tangible (Infrastructure/Mechanism) to Intangible (Awareness Reform)

Shifting from Tangible (Infrastructure/Mechanism) to Intangible (Awareness Reform)

Establish mechanisms
and infrastructure

Initiatives implemented since 2012

Enhancing infrastructure & mechanisms

- Installation of women's restrooms and shower rooms at the sites (prior to the assignment of any female employees)
- "Alumni Recruitment" to enable former employees to rejoin the company
- Voluntary administrative leave that allows up to leave of absence for up to two years to accompany family members to an assignment, study abroad, etc.
- Enhanced maternity/parental and nursing care leave system beyond the statutory requirement
- Installation of wheelchair ramps

Fostering Change in Consciousness & Culture

- Establishment of women's empowerment team (2012) and Diversity Promotion Section (2015)
- Cross-industry exchange training for female employees in managerial positions
- Internal sign language classes and disability simulation workshops

Our initiatives on women's participation and diversity have accelerated since around 2012. As I stated earlier, our sites did not have women's restrooms or shower rooms because we didn't have female employees. So, we started with establishing the infrastructure.

After that, we introduced an "alumni recruitment" system to enable former employees who left due to marriage or childbirth to return to the company and a voluntary administrative leave that allows a leave of absence for up to two years, basically for any reason such as accompanying a family member on relocation or study abroad. In addition, our maternity, parental, and nursing care leave systems go beyond the statutory requirement. Furthermore, we have installed wheelchair ramps for people with disabilities.

As part of intangible initiatives, we have fostered change in consciousness and culture by establishing the women's empowerment team in 2012, which was expanded to the Diversity Promotion Section in 2015. Training was also held, but the changes were limited in the beginning due to the lack of change in consciousness and culture.

Changes in Diverse Human Resources

Changes in Diverse Human Resources

Item	2018	Present (as of November 2023)
Female employee ratio	11.4%	13.0%
Female manager ratio	1.2%	3.2%
Male parental leave uptake ratio	1.0%	End of March 2023 95.6%
Disability employment ratio	June 2019 2.39%	June 2023 2.59%
Number of foreign employees	8	13

Scope: Sumitomo Metal Mining Co., Ltd.

The table indicates the female employee ratio, female manager ratio, disability employment ratio, and the number of foreign employees in 2018. Our initiatives started in 2012, but you can see that the improvement was limited as of 2018.

The “Present” column figures are as of November 2023, and you can see that the female employee ratio and female manager ratio are increasing.

The male parental leave uptake ratio is very high, and we receive many questions about this, so I will explain this topic separately.

Female Employee Ratio and Female Manager Ratio

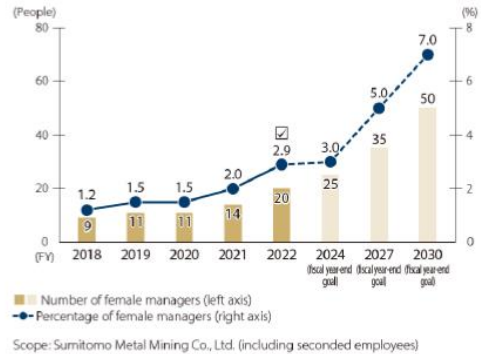
Female Employee Ratio and Female Manager Ratio

Aim to increase the number of female employees and female managers, while both figures are on the rise

Number and Percentage of Female Employees



Number and Percentage of Female Managers



This slide indicates the female employee and manager ratio, including targets for the future. As discussed earlier, the current female employee ratio is less than 20%. Our goal is to achieve 20% by 2030. We aim to achieve 50 managers, or 7%, for female managers by 2030.

Diverse Human Resources

Establish mechanisms
and infrastructure

Work-life balance
support

Creating a framework and culture that enable diverse talents to thrive

Disability <ul style="list-style-type: none"> Established a wheelchair-accessible room in the company dormitory Installed a Patlite signal tower Use of voice recognition software Regular meetings with HR personnel Sign language classes by employees with hearing impairment 	Women <ul style="list-style-type: none"> Informal get-togethers for female employees and female managers Individual approach by female officers "Career School" for select female core track employees 	Foreigners <ul style="list-style-type: none"> Questionnaire to identify issues Individual meetings Feedback to superiors Issues interview Roundtable discussions for foreign employees
LGBT <ul style="list-style-type: none"> Training for officers and managers to promote understanding of LGBT Workshops to deepen understanding 	Elderly <ul style="list-style-type: none"> Retirement age at 65 Senior employees can work up to 70 Career and life-planning training at 50 and 58 	Work-life balance <ul style="list-style-type: none"> Staggered working hours/work-from-home Established a Work-life Support Desk to consult on matters such as balancing work with childcare, in addition to harassment issues

In addition to female employees, we are working to create a framework and culture that enable diverse talents to thrive. For people with disability, we established a wheelchair-accessible room in the company dormitory, installed a Patlite signal tower, and introduced the use of voice recognition software. Regular meetings are set up with HR personnel, and sign language classes are led by employees with hearing impairment.

Activities targeting women include informal get-togethers for female officers and managers, individual approaches by female officers, and a "Career School" program for select female core track employees.

The number of foreign employees is still small, but we are conducting questionnaire and individual meetings to identify issues in working with the company, providing feedback to superiors, holding issues interviews, and roundtable discussions for foreign employees.

Activities targeting the LGBT community include regular training for officers and managers and workshops to deepen understanding.

Activities targeting senior employees include extending the retirement age from 65 to 70. In addition, we provide career and life-planning training at 50 and 58, including on money issues.

On work-life balance, we established staggered working hours and work-from-home systems, as well as the Work-life Support Desk to consult on matters including balancing work with childcare and harassment issues.

Increase in Male Parental Leave Uptake

Increase in Male Parental Leave Uptake

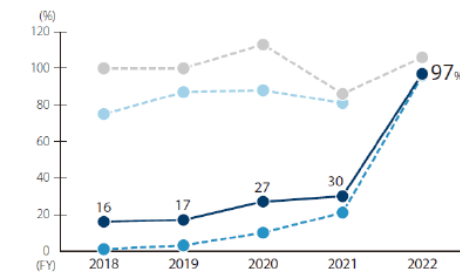
Work-life balance support

- “Parental Leave System Seminar” held for all managers
- HR provides an explanation on the childcare leave system and conducts interviews individually with all employees who report pregnancy, childbirth, etc., to confirm their intention to take the leave
- Superior and employee to hold a meeting for returning to work
- Posted a pamphlet on male parental leave case studies, etc.



Compiled a collection of male parental leave cases to disseminate information

■ Status of Taking Parental Leave



From FY2022, the percentage of parental leave includes the percentage of leave with pay for child-rearing (male)
The percentage of parental leave (female) in FY2022 includes those who gave birth in FY2021 and took parental leave in FY2022, and thus exceeds 100%

1. Number of employees who took parental leave in FY2022 ÷ number of employees who submitted a notification of birth to the Company for birth by their spouse in FY2022 x 100
2. Number of employees who took parental leave in FY2022 ÷ number of employees who gave birth in FY2022 x 100

Now, I will explain about the increase in male parental leave uptake. Our male parental leave uptake is 97%, which is very high. We held a briefing session on the childcare leave system for all managers before it became a statutory requirement.

All employees who report pregnancy, childbirth, etc., will be given an explanation of the childcare leave system by HR, with individual interviews to confirm their intention to take the leave. Our parental leave originally included childbirth and parenting support leave as leave for parenting purposes for male employees. The revision of the law enabled the inclusion of this leave in the definition of parental leave, which resulted in a sharp increase in uptake to 97%.

This slide does not state it, but the average leave period is three months. Some companies increase the uptake figure with parental leave for about one week, but our male employees take time to participate in parenting.

Renewal of Workplace (Head Office) and Company Dormitory (Besshi)

Renewal of Workplace (Head Office) and Company Dormitory (Besshi)

Promote
communication

Creating a safe, secure, and pleasant place to work that invigorates communication

Head Office



Work locations and meeting rooms can be selected to suit your communication style



Besshi Dormitory



Buffet style canteen



Barrier-free rooms
accessible from
wheelchairs



Library

◆ SUMITOMO METAL MINING

28

Let's move to the measures for promoting communication. We have renovated the workplace, i.e., the head office in Tokyo and the Besshi company dormitory in Niihama. The meeting rooms are yet to be renovated, but we have added many spaces in the reception and office floors to promote communication.

The Besshi dormitory was renovated last year with a new buffet-style canteen, barrier-free rooms accessible with wheelchairs, and a library.

Promoting Communication

Promoting Communication

Promote
communication

● ACROSS

ACROSS* is held once a month as an event to promote communication.

* A coined word, derived from the acronym "Accelerate Co-creation Roundly Over the Sections in Sumitomo Metal Mining."



Scenes from
ACROSS

● DX Salon

"DX Salon" is held once every two months, with the aim of generating interest in "digital" as well as providing an opportunity to rethink conventional work practices.



Scenes from DX Salon

ACROSS event is held monthly at the employee cafeteria in the head office to promote communication. ACROSS is a coined word derived from the acronym "Accelerate Co-creation Roundly Over the Sections in Sumitomo Metal Mining."

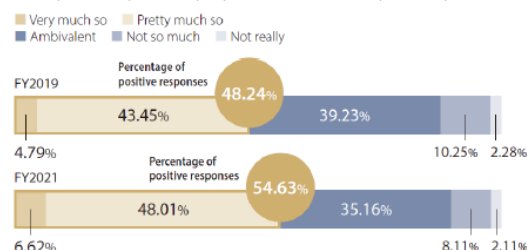
In addition, the DX Salon is held once every two months at the employee cafeteria to generate interest in "digital" and provide an opportunity to rethink conventional work practices.

- Conducted at 3-year intervals since 2010
▶ To be conducted annually from 2023
- Target: 5,153 respondents in 10 companies, including group companies (FY2021)
- Questions: 141 items
- Response rate: 94.4%
- Feedback: Data has been disclosed through 30 briefings (approx.), internal newsletters, etc.

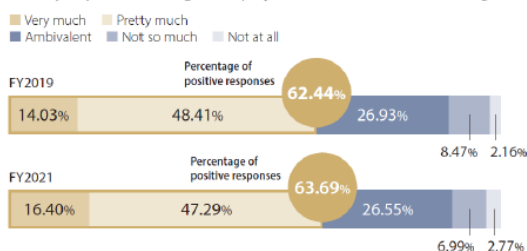
Issues identified from FY2021 survey results

- Further penetration of an open and vibrant organizational climate
▶ Clarify and notify the definition of “open and vibrant”
- Enhancement of the appeal of HR measures
▶ Revise the managerial track personnel system

Q. Do you think your company is an attractive workplace for you?



Q. Are you proud of being an employee for Sumitomo Metal Mining?



This is the result of our employee engagement survey. The survey was conducted at three-year intervals since 2010 but annually from 2023. It targets over 5,000 employees from 10 companies, including Group companies.

Some of the results are shown on the right. To the question “Do you think your company is an attractive workplace for you?”, positive response increased from 48.24% in FY2019 to 54.63% in FY2021.

To the question “Are you proud of being an employee for Sumitomo Metal Mining?”, the positive response increased slightly from 62.44% in FY2019 to 63.69% in FY2021.

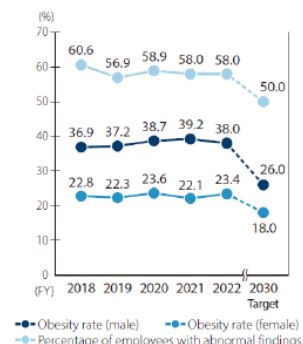
However, we identified two issues from the FY2021 survey results. Firstly, we believe there is a need for further penetration of an open and vibrant organizational climate. Accordingly, the definition of “open and vibrant” has been clarified and notified.

Secondly, we found that the appeal of HR measures must be enhanced and revised the managerial track personnel system.

- Specified health checkups and specific health guidance for the prevention and remediation of metabolic syndrome
- Online smoking cessation program
- Launched personal health portal site “MY HEALTH WEB”
- Walking event “Aru Fes (walking festival)”
- Health seminars on themes including dietary habits and women’s health



Percentage of Employees with Abnormal Findings¹, Obesity Rate², and Targets



1. Scope: Insured persons of the Sumitomo Metal Mining Health Insurance Society
2. Scope: Employees of Sumitomo Metal Mining Co., Ltd., age 40 or older

Productivity improvement /
organizational revitalization



MY HEALTH WEB home page

We are also focusing on health and productivity management. We are aware that we started a bit late on this topic, but now we have acquired certification for a Health & Productivity Management Outstanding Organization 2023.

In addition to implementing programs for the prevention and remediation of metabolic syndrome, we established an online smoking cessation program and launched a personal health portal site “MY HEALTH WEB.” We also host a walking event where employees compete with each other using the pedometer figures. Health seminars on themes including dietary habits and women’s health are also held, aiming to improve productivity and revitalize the organization.

The ratio of employees with abnormal findings and obesity is shown in the right-hand graph, with the target for 2030.

- **Officers' Coaching Schools**

Executive officers and students (8 to 10 younger employees) learn together about a theme chosen by each school in order to put it into practice in the workplace.



Officers' Coaching School: Learning about sustainability information disclosure

- **Middle-Management Program (MMP)**

Company management serves as the lecturer for select employees in their 30s to 40s and engages in discussion for about five months to boost the middle-management employees who will lead the next generation.

Nurturing the next-generation management is another significant issue. We have established the “Officers’ Coaching Schools,” where executive officers and students learn together about a theme chosen by each school to put it into practice in the workplace. The students are eight to ten younger employees in their 20s to 30s.

The photograph is from the “Learning about the Sustainability Information Disclosure” program I was involved in.

In the Middle-Management Program (MMP), the company management serves as the lecturer for select employees in their 30s to 40s and engages in discussion for about five months to boost the middle-management employees who will lead the next generation.

- **Training to develop the next generation of executive managers**

Leaders in their late 40s are selected for future leadership roles in SMM, and 9-month practical programs are implemented to develop their management skills.

- **Top Management Lunch Meeting**

Monthly lunch meetings with the President and young employees are held to promote harmony and invigorate the young employees and middle management at the Head Office. It started in February 2020 with a total of 93 participants to date.



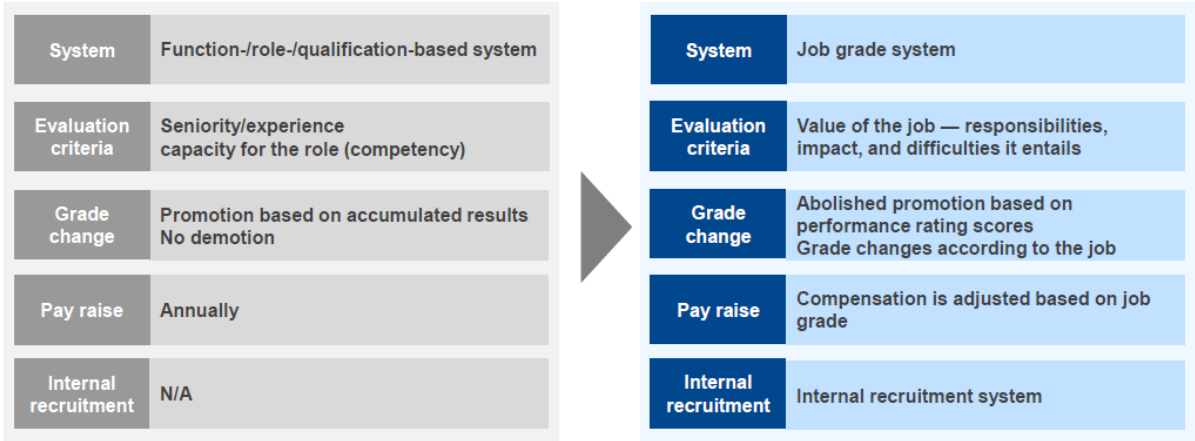
Top Management Lunch Meeting

In the program for developing the next generation of executive managers, leaders in their late 40s are selected for future leadership roles in SMM, and practical programs are implemented externally to build their management skills.

In addition, monthly lunch meetings with the president and young employees are held at the head office to promote harmony and invigoration with the young employees and middle management.

Fostering Change, Growth, and Challenges by Individual Employees

Managerial track employee system was revised in July 2023
The personnel system has been fundamentally reviewed to ensure the growth strategy



Let’s move on to the personnel system revision. With awareness of the issues discussed, each employee must become capable of taking up new challenges, change, and grow.

The previous function-/role-/qualification-based system was a seniority-based personnel system. This was revised in July 2023 by introducing the job grade system based on the job and responsibilities, with compensation determined based on the grade. Promotion based on accumulated results was abolished to change the job grade according to the job.

The pay raise system will maintain a pay raise for the experience-based growth period, but in general, compensation is adjusted based on job grade. In addition, an internal recruitment system will be introduced.

- **Enhanced voluntary training programs**

- E-learning
- Online learning
- Foreign language training
- Subsidies for outside courses
- Online video learning

- **One-on-one meeting**

Introduced subordinate-led one-on-one meetings with an aim to enhance the quality of communication with superiors, unlock individual potential, and create an organization that achieves results.

- **Career design training**

Starting with the second-year training, it is provided at ages 35, 43, 50, and 58 in order to clarify career goals and action plans, while considering career issues unique to each stage and reflecting on one's own career.

- **Choose one's own career path**
- **Autonomous learning**
- **Education that supports taking on challenges**

To support autonomous growth, we have enhanced the voluntary training programs. Career design trainings are also held, starting with the second-year training, followed by training at ages 35, 43, 50, and 58.

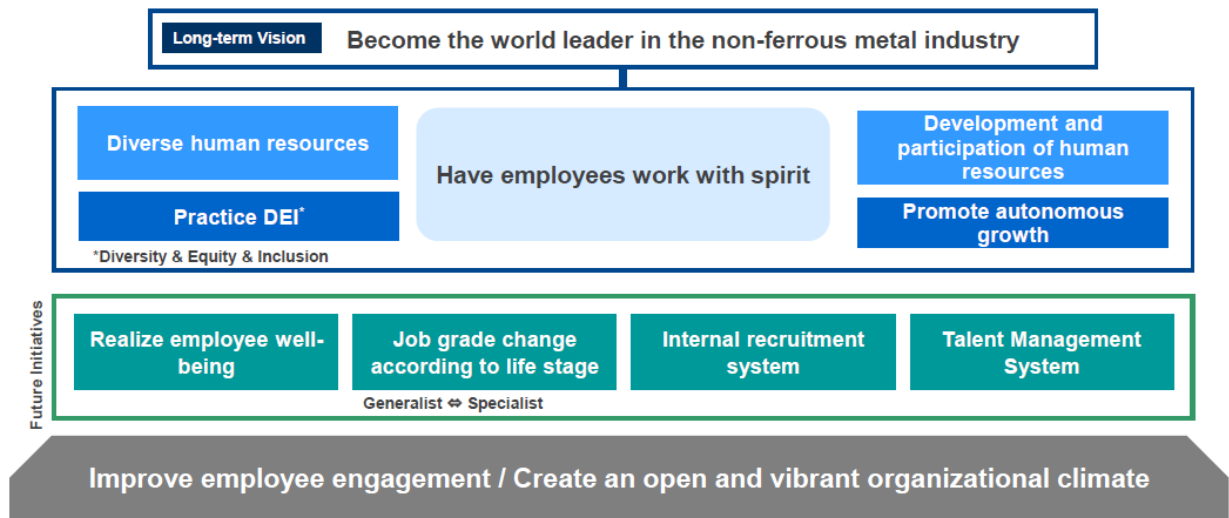
One-on-one meetings were introduced to enhance the quality of communication with superiors, unlock individual potential, and create an organization that achieves results.

It enables choosing one's career path, autonomous learning, and education that supports taking on challenges.

Shift to Talent Management to Accelerate Corporate Growth

Shift to Talent Management to Accelerate Corporate Growth

Aim for further organizational reform to foster individual autonomous work and growth



To summarize, we have a talent management system that accelerates corporate growth.

Results of past initiatives include the realization of employee well-being, job grade change according to life stage, internal recruitment system, and talent management system. We believe we can improve employee engagement and create an open and vibrant organizational climate by implementing the measures and achieving results.

This concludes my presentation.

Table of Contents (Theme 2)

Table of Contents (Theme 2)

~ Integrated Report 2023: P66-67 ~ “Technological Changes at the Toyo Smelter & Refinery”

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II	Copper Production Flow (from copper concentrate to electrolytic copper)	VII	Electrolytic Copper Production Volume (Toyo Smelter & Refinery)
III	Image of Copper Smelting & Refining Business Profit Structure	VIII	Collaboration with Group Businesses
IV	Copper Price vs. TC/RC	IX	Conclusion
V	Toyo Smelter & Refinery Source of Profit		

Takanori Shimizu: I will explain our second theme, “Technological Changes at the Toyo Smelter & Refinery.”

The Integrated Report 2023, published at the end of September 2023, included a column titled “The Technological Changes at the Toyo Smelter & Refinery” in page 66. We haven’t had much chance to discuss our copper smelting and refining business. The Toyo Smelter & Refinery is an important site that supports our production. We wanted to introduce the values and appeals backed by an accumulation of technology and include them in the Integrated Report 2023.

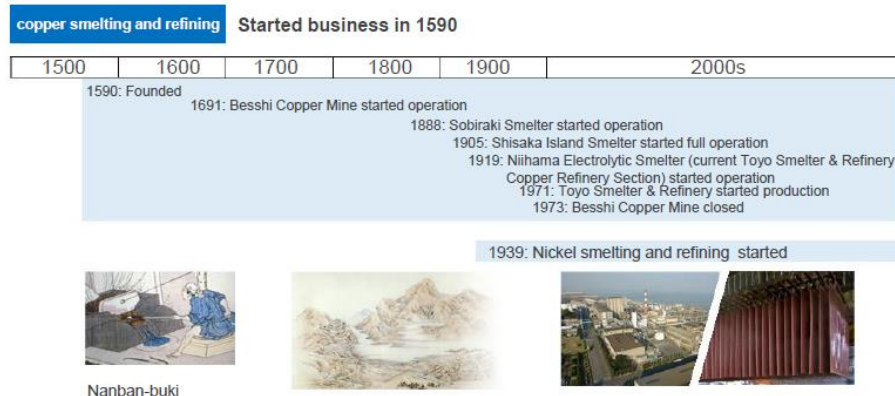
Today’s theme is “Technological Changes at the Toyo Smelter & Refinery,” but I won’t discuss the actual technology. This presentation is positioned as a supplementary explanation to the column in the Integrated Report. Now, I will explain following the table of contents on the slide.

SMM's Smelting & Refining and Copper Business (At a Glance)

SMM's Smelting & Refining and Copper Business (At a Glance)

SMM's History and Smelting & Refining and Copper Business History

The beginning of Sumitomo's original business: the copper smelting and refining business began in Kyoto as a copper smelting and decorative copper-work operation. Since then, it changed continuously with the change of times and remains our core business that supports our production capabilities.



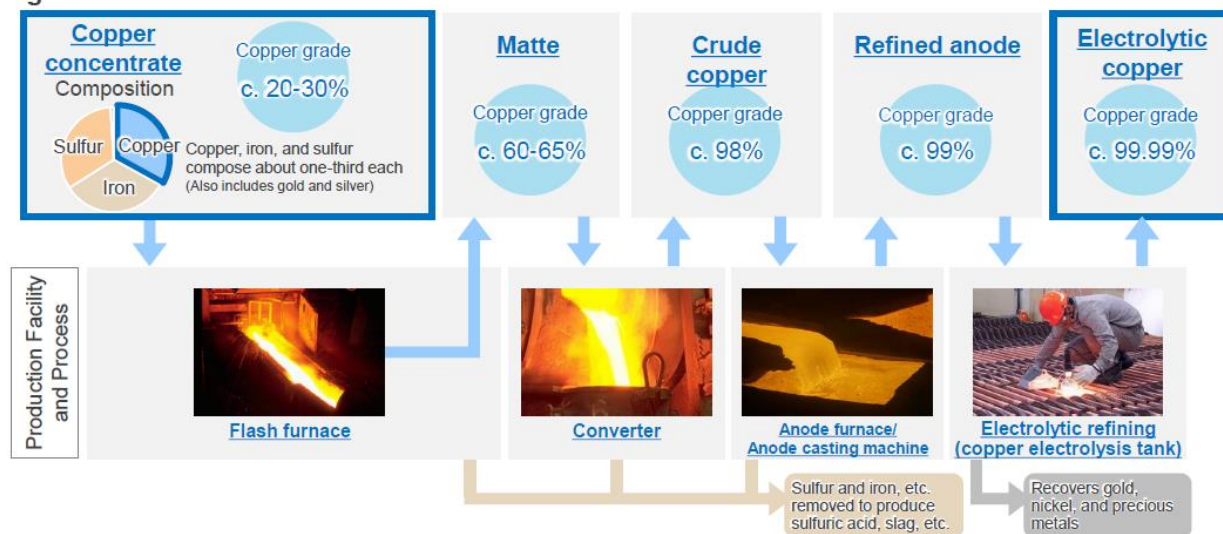
We'll review SMM's smelting & refining and copper business history. For over 430 years since our founding in 1590, we have maintained the copper smelting and refining business, which is the original business of Sumitomo. It remains our core business that supports our production capabilities.

The Toyo Smelter & Refinery is located across Saijo City and Niihama City in Ehime Prefecture and started production in 1971.

Copper Production Flow (from copper concentrate to electrolytic copper)

Copper Production Flow (from copper concentrate to electrolytic copper)

Remove impurities from copper concentrate to make electrolytic copper with 99.99% copper grade



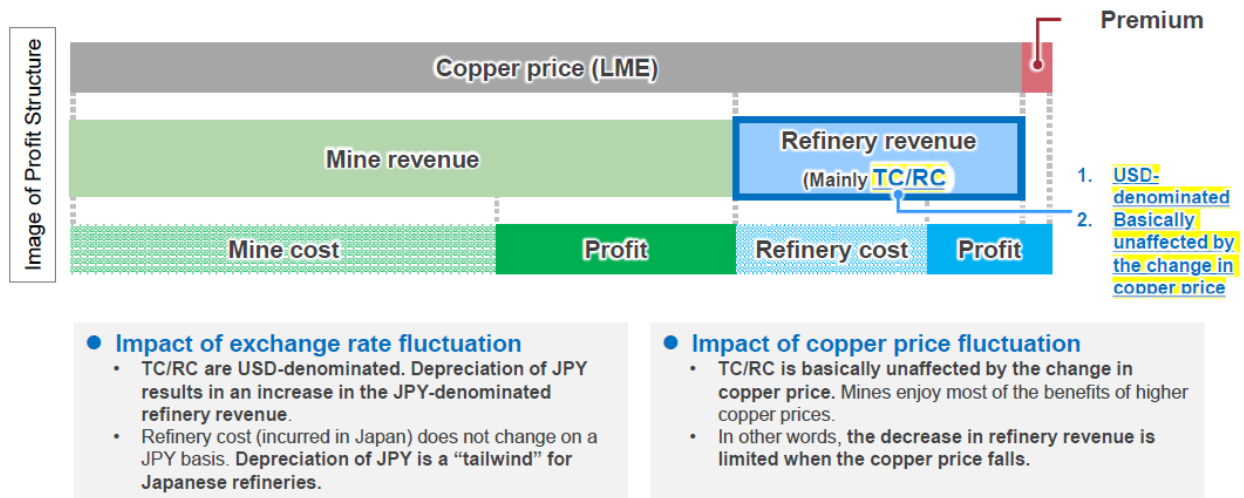
This is a simple diagram of copper production flow, from copper concentrate to electrolytic copper. Copper concentrate includes one-third each of copper, iron, and sulfur. The copper grade is around 20% to 30%.

Sulfur and iron are removed first in the flash furnace to improve the copper grade to about 60% to 65%. Then, other impurities, including remaining sulfur and iron, are removed using the converter and anode furnace. This is followed by electrolytic refining of refined anode molded in the anode casting machine to produce electrolytic copper with a copper grade of about 99.99%.

Image of Copper Smelting & Refining Business Profit Structure

Image of Copper Smelting & Refining Business Profit Structure

Processing charges (TC/RC) are the main income for refineries, boosted by the depreciation of JPY



This is a simple image of copper smelting and refining business profit structure. Please note that this is an image and not a graph based on actual figures.

The copper price is determined by the London Metal Exchange (LME). Then, the copper price is divided into mine and refinery revenue.

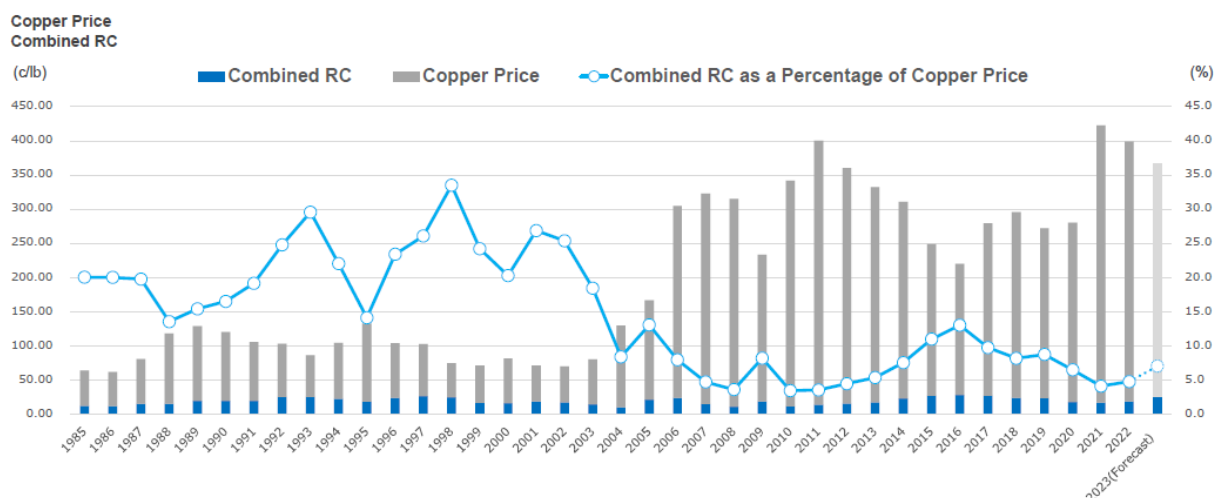
The refinery revenue mainly comprises US dollar-denominated processing fees called treatment and refining charges (TC/RC), which are not affected by the changes in the price of copper. If the Japanese yen depreciates, Japanese yen-based revenue increases as TC/RC is US dollar-denominated. Therefore, the weak Japanese yen is a tailwind for the Japanese refineries.

As TC/RC is unaffected by the change in copper price, mines enjoy most of the benefit of higher copper prices. In other words, if the copper price falls, the decrease in refinery revenue is limited.

Copper Price vs. TC/RC (Combined RC)

Copper Price vs. TC/RC (Combined RC)

Annual benchmark TC/RC is determined by supply-demand balance for copper concentrate



This slide shows the copper price and TC/RC, which is the revenue for the refinery. TC stands for treatment charge and indicates the processing fee per one ton of copper concentrate. RC stands for refining charge and refers to the fee for refining crude copper to electrolytic copper.

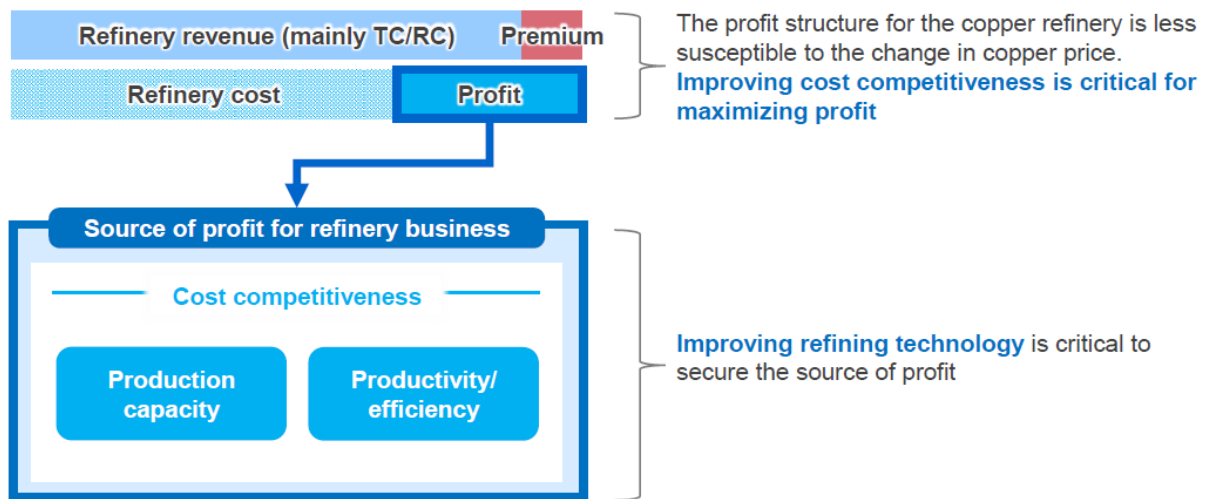
The Combined RC shown in blue in the bar graph indicates TC and RC in a unit of cent/lb, and the meaning is the same as TC/RC. The height of the bar graph indicates the copper price, with the blue part at the bottom showing the refinery revenue and the gray part at the top indicating the mine revenue. The line graph in light blue indicates the ratio of TC/RC in the price of copper.

TC/RC is determined according to the demand and supply of copper concentrate and is beyond the control of SMM. You can see that the price of copper sharply increased from around 2006, but the ratio of TC/RC, which is the refinery revenue, has hovered around the single-digit percent in the price of copper.

Toyo Smelter & Refinery Source of Profit

Toyo Smelter & Refinery Source of Profit

Cost competitiveness is the key source of profit



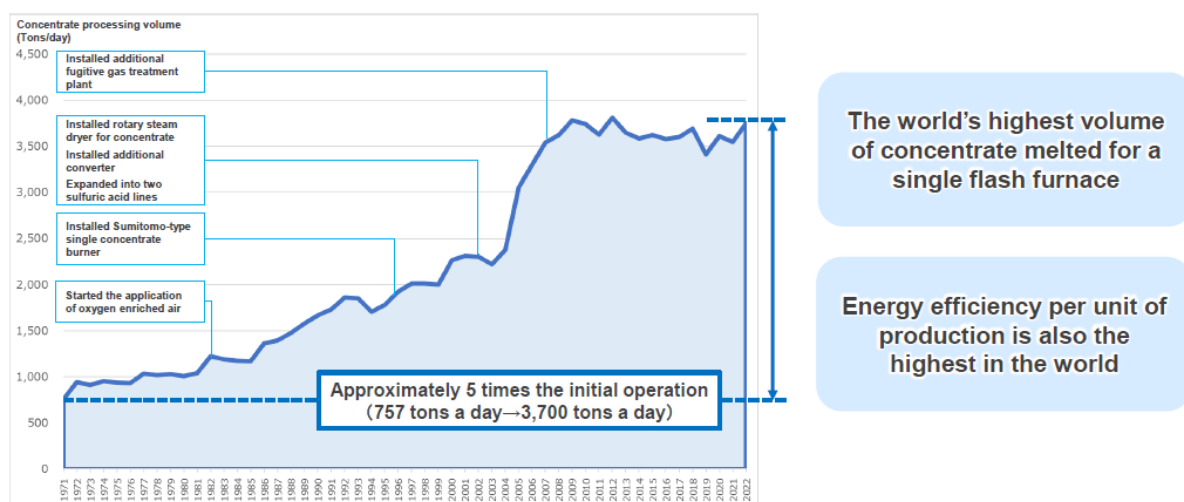
Now, let me explain about the Toyo Smelter & Refinery. As I explained, the copper refinery business has a profit structure that is less susceptible to changes in copper prices.

Improving cost competitiveness is critical for maximizing profit within the limitation of TC/RC. To improve cost competitiveness, we must enhance refining technology.

Concentrate Processing Volume (Toyo Smelter & Refinery)

Concentrate Processing Volume (Toyo Smelter & Refinery)

Increasing facility capacity for each process and constant improvement of refinery technology realized a five-fold increase in the processing capacity for the flash furnace



◆ SUMITOMO METAL MINING

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As an example of continuous improvement of refining technology, let me discuss the concentrate processing volume at the Toyo Smelter & Refinery. Concentrate processing volume refers to the volume of copper concentrate processed at the flash furnace, which is the main furnace at the Toyo Smelter & Refinery.

We did not increase the size or the number of furnaces in the 52 years of operation of this furnace. Instead, it went through various improvements. As a result, the concentrate processing volume has increased almost five-fold from 757 tons per day at the start of operations in 1971 to about 3,700 tons at present.

The purpose of increasing the processing volume is to increase the production of the final product, the electrolytic copper. When the Toyo Smelter & Refinery was completed, the bottleneck for increasing the production of electrolytic copper mainly involved the pyrometallurgical smelting process centering around the flash furnace. If you turn to the production flow on slide 39, the pyrometallurgical smelting process refers to the part up to creating the refined anode from the flash furnace to the anode furnace.

The graph shows significant events. To enhance the pyrometallurgical smelting capacity, in 1982, we started applying oxygen-enriched air to the flash furnace. In 1996, the concentrate burner, the heart of the flash furnace, was remodeled from the initial four burners to our original Sumitomo-type single concentrate burner, significantly improving the combustion efficiency.

This was followed by installing additional converters, expanding into two sulfuric acid lines, and installing an additional fugitive gas treatment plant. We increased concentrate processing volume while taking every possible measure to protect the environment.

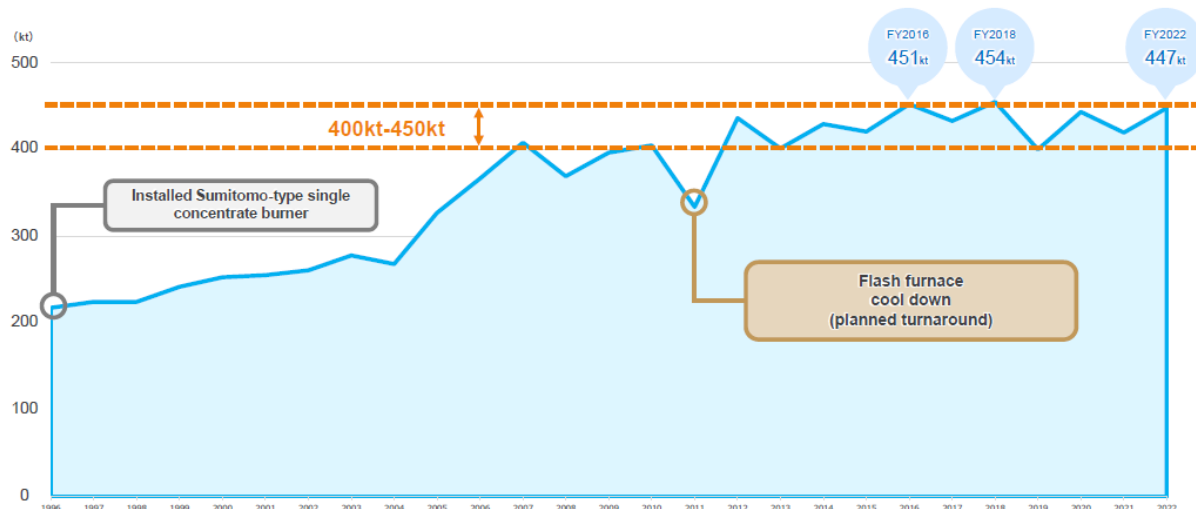
The Toyo Smelter & Refinery has the world's highest volume of concentrate melted for a single flash furnace. Specific figures cannot be disclosed, but the energy efficiency per production unit is

also the highest globally. We also believe we are the top-runner from a clean smelting and refining perspective.

Electrolytic Copper Production Volume (Toyo Smelter & Refinery)

Electrolytic Copper Production Volume (Toyo Smelter & Refinery)

Stable Annual Electrolytic Copper Production of 400kt-450kt/year in recent years



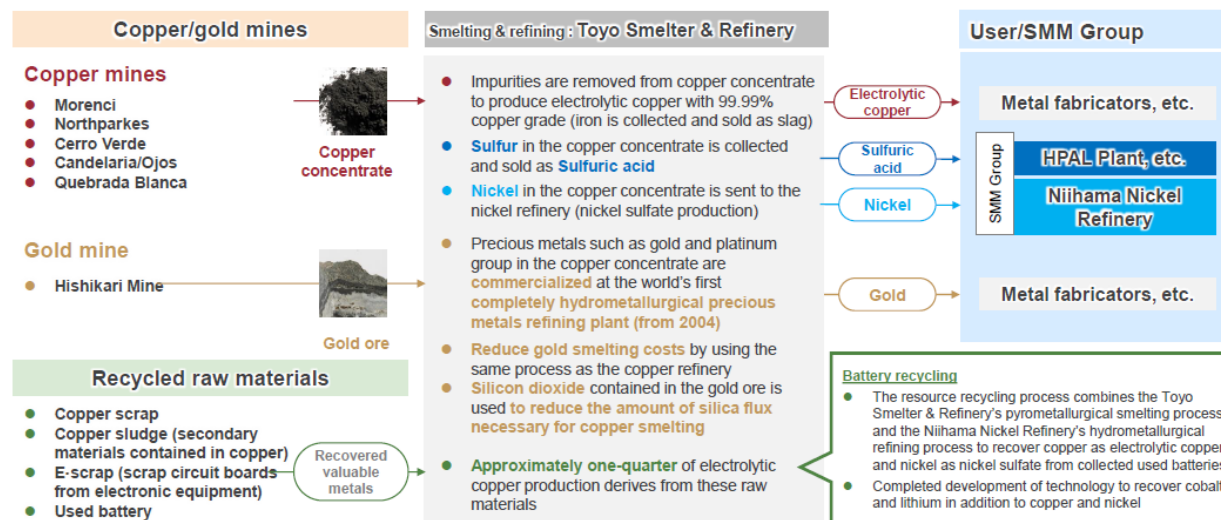
This slide shows the annual electrolytic copper production volume since 1996. It has increased from slightly over 200 kilotons to 400 kilotons in 2007 with the increase in the volume of concentrate melted.

There is a reference to the flash furnace cool-down in 2011. This is not referring to a trouble with the operation. It was a planned large-scale repair. The production volume decreased temporarily due to the impact of the repair, but the annual production volume reached 451 kilotons in FY2016, and they have been steadily producing 400 to 450 kilotons annually in recent years.

Collaboration with Group Businesses

Collaboration with Group Businesses

Toyo Smelter & Refinery is the core of SMM's supply chain



This slide explains collaboration with Group businesses, centering on the Toyo Smelter & Refinery. As stated on the left, overseas copper mines in which we hold interests send copper concentrate, and Hishikari Mine sends gold ore to the Toyo Smelter & Refinery. We are also actively promoting the recovery of valuable metals from recycled raw materials, and about a quarter of the electrolytic copper production derives from these materials.

As stated in the middle, the mainstay product of the Toyo Smelter & Refinery is electrolytic copper with 99.99% copper grade. In addition, sulfur in the copper concentrate is collected as sulfuric acid and used by a Group company in the Philippines as a key operating material for the HPAL Plant.

A small amount of nickel in the copper concentrate processed at the Toyo Smelter & Refinery is also collected and sent to the Niihama Nickel Refinery in Niihama City, Ehime Prefecture, for commercialization. Precious metals, including gold, have been commercialized at the world's first completely hydrometallurgical precious metals refining plant since 2004. The gold smelting cost for the gold ore from the Hishikari Mine is reduced by using the same process as the copper refinery, and the silicon dioxide contained in the gold ore is used to reduce the amount of silica flux necessary for copper smelting.

For battery recycling, shown at the bottom right, the resource recycling process combines the Toyo Smelter & Refinery's pyrometallurgical smelting process and the Niihama Nickel Refinery's hydrometallurgical refining process to recover copper as electrolytic copper and nickel as nickel sulfate from collected used batteries.

In 2022, we completed the technology development to recover cobalt and lithium in addition to copper and nickel. We are aiming to establish part of the battery recycling process at the Toyo Smelter & Refinery in the near future.

Conclusion

Conclusion

Key Points on Positioning of Toyo Smelter & Refinery

- | | |
|----------------|---|
| Point 1 | Stable production of high-quality copper through environmentally friendly and efficient process |
| Point 2 | Cost competitiveness based on accumulation of technology over the years is the key source of profit |
| Point 3 | Recovery of precious/rare metals |
| Point 4 | Critical role in supply chains, recycling metals |

This slide summarizes today's presentation.

This concludes my presentation. Thank you for your attention.

Q&A: Promoting Diversification in a Highly Homogeneous Organization

Q: As was seen at the time of the JCO criticality accident, SMM has integrity under the Sumitomo Business Spirit and seems to have risen by returning to the starting point.

My question is about the high homogeneity. Veteran employees at SMM seem to have a homogeneous sense. The quality of employees is high, with administrative staff and engineers possessing a deep understanding of the origin, many with a good grasp of the business, and a general outlook.

Ms. Yano joined from another company. Different companies may have different approaches, and SMM seems to be marching to its drum. For example, when you seem to be going down a route that appears somewhat off the point to us in the financial industry, our opinions may not be accepted as all your contacts are homogeneous.

You stated SMM will aim to become a company where diverse talents thrive. Do you intend to diversify your thinking by embracing different “breeds,” including mid-career hires?

Yano: The question was “SMM is matching to its drum; is there a need to diversify the highly homogeneous organization?”

We are certainly highly homogeneous. Most employees joined as new graduates in the past, and the vast majority were male.

However, we are not accepting the status quo. We revised the human resource system so that we can match various compensation levels in the market for mid-career hires. As the number of new graduates is decreasing, we intend to increase mid-career recruitment.

As you say, we are a highly homogeneous organization, but we now have foreign employees, although the number is small. It isn’t easy for them, but we must understand their values.

When I don’t understand their views regarding corporate culture, I will ask them why they think differently. The good thing is that they will always give me an answer. Sometimes, we have to take a long look into their history, but I can feel their intention to change the values.

Q&A: Appeals to Overseas Investors

Q: This is more of an opinion than a question, but when I speak with overseas investors who invest in metal stocks, they say they don't like SMM because you have the Toyo Smelter & Refinery.

Refineries indeed have less profit margin compared to mines. But how about emphasizing the contents on slide 46 and explaining that without the Toyo Smelter & Refinery, sulfuric acid cannot be sent to the nickel refinery, and the gold from the Hishikari Mine cannot be utilized?

When I recommend SMM shares, I always come across negative comments about the Toyo Smelter & Refinery, which could lead to negative views about Freeport-McMoran. I think emphasizing the contents of this slide would be a good idea.

Shimizu: As you stated, the Toyo Smelter & Refinery is the core of our supply chain, including recycling. The combined capacity of the supply chain is our strength, and the Toyo Smelter & Refinery is central to this.

We believe this has value, so based on your opinion, we'll try to emphasize the strengths of the Toyo Smelter & Refinery stated in slide 46 and appeal to the investors.

Q&A: Background of Low Employee Turnover Rate

Q: Please explain the background for the low employee turnover rate. For example, what is the difference between the past and the present in the last decade or two?

Yano: I don't have the data for the past decade at hand. When I joined the company in 2019, the turnover rate was close to 3%, but there was quite an internal commotion about why so many employees quit. I think it is true that SMM has historically maintained a low employee turnover rate.

I recall saying that was a low figure compared to other companies. SMM believed that all hired employees would continue to work for SMM.

The reason for the low turnover includes strong employee welfare programs, including housing. Various employee welfare programs are in place, designed under the assumption of long service.

I'm not sure if it is difficult for employees who wish to quit to do so, but as our HR system is structured to enable acquiring new technologies, knowledge, and skills in ten years, so younger employees also say that it would be a waste not to stay for ten years. I believe the turnover rate is low because of the various education systems for new graduates.

However, as I stated earlier, the turnover rate is slightly increasing, so we need to respond to it.

Q&A: The Toyo Smelter & Refinery's Capacity

Q: The presentation said the Toyo Smelter & Refinery has the highest energy efficiency in the world. Could you please provide specific figures? For example, can you tell us the level of CO₂ emissions for sustainability purposes to the extent possible?

Shimizu: I will give a more specific explanation about the world-class energy efficiency of the Toyo Smelter & Refinery.

The energy demand from the Toyo Smelter & Refinery is met with the heat produced by sulfur combustion in the copper concentrate and the heat produced by an oxidation reaction, so fuel injection is minimal.

Another example is the electricity required to supply oxygen. Such externally supplied fuel is used efficiently.

In addition, the use and recovery efficiency of combustion energy of sulfur in the copper concentrate and energy from heat generated through the oxidation reaction of sulfur and oxygen are world-top-level. This was enabled through the accumulation of technology, such as installing a Sumitomo-type single concentrate burner.

The concentrate burner at the Toyo Smelter & Refinery is a facility with world-top-level performance, but its operation is very complex, and other companies cannot adopt it. This is also our strength.

Regarding CO₂ emissions reduction, the Toyo Smelter & Refinery is promoting partial conversion from fuel oil to LNG for some heat supply facilities. The hurdle is high for reducing CO₂ emissions in smelting and refining, but we are starting where possible.

Q&A: Response to the Employee Engagement Survey

Q: On slide 30, for the question “Do you think your company is an attractive workplace for you?”, the ratio of responses that are not positive, including “Ambivalent,” seems somewhat high in light of the low turnover rate. I think there might be a hidden clue in this. What are the issues for the respondents who were not positive?

Yano: The result of the employee engagement survey was that many respondents chose “ambivalent” rather than not being positive.

This means that they don’t think it is “attractive,” so our analysis is that they seek a more open and vibrant organization.

We think the issue is that they cannot speak their mind or that they cannot communicate their opinions depending on their counterparts, so we are promoting activities to instill an open and vibrant organizational culture further. Everyone naturally has different values, so we tell the manager class to accept diverse values.

Q&A: Human Resources Development Strategy

Q: Slide 18 refers to the human resource development themes by functions. In light of your business strategy, which theme has issues to be addressed?

For example, looking from the outside, if you were to acquire operatorship for copper mines, there would be some issues regarding mine engineers. Where will you be focusing on, and what is the background?

Yano: Regarding business strategy issues, recruitment is difficult for all functions, but we have the most difficulty hiring plant engineers. As some of our sites are overseas, employees must stay overseas if we build a plant.

However, the younger generation is not very motivated to work overseas. The Mineral Resources Division and Non-Ferrous Metals Division have overseas sites, but recruiting individuals keen to work abroad is difficult.

In addition, the number of students interested in studying resources, smelting, and refining is decreasing. So, we are approaching students whose major is in slightly different areas to consider working in these areas. The education system in Japan and popular courses among students are changing gradually, so we are keenly aware of this issue.

Q&A: Specific Measures to Increase Female Employee Ratio

Q: I have a question about diversity and inclusion. As you explained, employment opportunities for women and foreigners were limited, not just for SMM but for all of the non-ferrous metals industry. I am under the impression that you have just started on the reform.

You have set high targets, but increasing the number of managers cannot happen without increasing the population.

You referred to setting targets to increase the female-employee ratio among new graduate hires and mid-career hires. What are the specific initiatives to expand the scope to realize these figures?

I'd like to confirm the actual recruitment situation and whether initiatives to increase the certainty of achieving the targets in future plans have been established.

Yano: I'll answer about how we will expand the scope to enable the participation of women. Previously, SMM recruited engineers from specific universities, but we changed our policy to increase the range of universities for recruitment.

In addition, the number of women majoring in science is small in Japan. However, Nara Women's University has a faculty of engineering, and Ochanomizu University is planning to establish a faculty of engineering. This is a new wave, and our strategy is to target these students. We are implementing initiatives to increase interest in SMM by letting students learn about us early, including through internships.

As to the internal development of female managers, unfortunately, we are responding to individual cases as the number is limited. For example, we communicate with individual candidates and their superiors about what we expect them to work on as managers. We list individual candidates to consider whether certain employees can be candidates for female managers and officers and prepare plans for each individual. I'm in charge of this and am currently engaged in such communication.

Q&A: Initiatives to Increase the Manager Ratio

Q: Various companies are disclosing target figures as part of the measures to increase the manager ratio. If there is no significant difference with rival companies, you must consider the effectiveness of investment in human capital. The framework for improving productivity and corporate and shareholder value must be considered.

Confirming that a framework has been built to attract superior talent to achieve results is critical. Do you think SMM can work towards this target in future disclosures or tie this in? I'd like to confirm if you have such awareness.

Yano: Regarding promoting diversity to improve corporate value, we have always had a policy to support superior talent to achieve their full abilities regardless of gender.

However, the existing seniority-based human resource system is not suited to realize this, so we will start by revising the human resource system. The first step is to offer appropriate positions to superior talent and create an environment where they can thrive. This has not been achieved through the current system, so we will ensure that capable employees engage in suitable work.

Our ultimate goal is to realize employee well-being for talented people working at SMM, as stated in slide 36. I believe the foundation for the framework that enables superior talent to exert their strength in the company is to ensure that each individual feels good about working for SMM and continuing to work and that they feel they have achieved self-realization.

Q&A: New Graduate Hiring Strategy

Q: Regarding recruitment, I believe allocation of human capital is essential for improving corporate and shareholder values, but how to recruit superior talent from the market will be the starting point.

In this respect, particularly for new graduate recruitment, how to promote SMM will be important, compared with companies such as trading houses and oil refining companies, as well as those in the field of non-ferrous metals.

Please explain your understanding of SMM's positioning among other companies and industries and your future strategy.

Yano: We are competing against other industries in new graduate recruitment. We are currently considering the issue of the speed of growth of employees.

Trading company employees are educated in an extremely competitive environment. We will lose if each employee thinks they might develop their career faster working for a trading company than for us. We have the cherished corporate culture of a ten-year career development cycle, but the speed of education and development needs to be reviewed to ensure it is appropriate.

Historically, we achieved high retention through slow and steady career development. However, some have expressed that we may need to change that. We don't have specifics for the framework at this point, but we are discussing this.

Q: You stated that few employees are interested in working abroad. On the other hand, some students joining trading houses are keen to work overseas, although they are in a different area from mining, smelting, and refining.

I thought one of the ways to appeal to the students would be explaining that SMM can offer different skills and growth from trading houses by providing opportunities to work at its overseas sites while emphasizing the appeal of acquiring and improving mine operator skills at SMM. I'd be delighted if this could provide a clue.

Yano: As you say, we haven't showed off the job opportunities at SMM. We are aware of this issue and have just started promoting outward corporate branding for recruitment purposes.